

Daily Update

Your daily market news, moves
and outlook



Tuesday, 10th of August 2021

Markets Outlook

Equities: UK and European equity markets are set to open a little weaker after Asian equities closed mixed. US equity futures are also a little lower, with S&P 500 down -0.1%. Some signs that economic recovery is losing momentum. Yesterday's Eurozone investor sentiment saw 3rd consecutive month of decline. Latest data from British Retail Consortium showed pace of sales slowing with increasing vacancy in Town centers.

Currencies: The dollar pushed higher in early European trading Tuesday, as a series of strong jobs releases raised expectations of an early tapering of the U.S. Federal Reserve's massive monetary stimulus. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded around 0.1% higher at 92.972. Helping the dollar's tone was the release of the U.S. Labor Department's monthly Job Openings and Labor Turnover Survey on Monday, which showed that job openings increased by 590,000 to a record-high 10.1 million on the last day of June. This followed on from Friday's official U.S. jobs report, where nonfarm payrolls rose by 943,000 in July, more than expected, while numbers for May and June were also revised up.

Safe-havens: Gold continues to weaken as do all precious metals while oil also fell on overnight fears of slowing Chinese recovery due to Covid 19 outbreaks

Looking ahead: Results due from Glanbia and insurers Aviva and Zurich on Thursday and a range of European companies later in the week including TUI AG, Deutsche Telekom, E.ON and Vesta Wind

Key Events to Watch

10/08/2021 - German ZEW Economic Sentiment

11/08/2021 - US CPI m/m

12/08/2021 - UK CPI and Production numbers

12/08/2021 - US Initial jobless claims

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,432	-0.30%	18.00%
DAX	15,745	-0.10%	14.77%
EuroStoxx50	4,177	0.60%	17.58%
ISEQ	8,492	-0.05%	12.76%
FTSE	7,132	0.13%	10.40%
Nikkei 225	27,868	0.17%	1.61%

FX			
EUR/USD	1.1733	-0.02%	-3.91%
EUR/GBP	0.8475	0.00%	-5.07%
GBP/USD	1.3843	0.00%	1.26%
USD/CHF	0.9203	0.00%	4.01%
USD/JPY	110.38	0.10%	6.92%
EUR/JPY	129.50	0.07%	2.73%

Fixed Income		
US 10yr	1.320	0.003
US 2yr	0.222	0.002
Bund 10yr	-0.459	0.001
Irish 10yr	-0.073	-0.005
Gilt 10yr	0.589	0.003
JGB 10yr	0.022	0.008

Financial News Round Up

Flutter Entertainment - Paddy Power

Paddy Power's owner Flutter Entertainment which owns Paddy Power and merged with Canada's The Stars Group, owner of Poker Stars and Sky Bet, in May 2020, saw its Profits more than trebled to £72 million sterling (€91 million) in the first six months of the year. The Irish gambling firm, which owns businesses in Europe, North America, Asia and Australia, said revenue in the first half of the year doubled to £3 billion from £1.5 billion during the same period in 2020. Pretax profit grew 221 per cent to £77 million in the first six months of 2021 from £24 million during the same period last year. Although Covid-19 lockdowns stopped the sports on which the group's customers bet in many of the jurisdictions in which Flutter operates during the second quarter of last year, and the restrictions also closed its Irish and British betting shops. It would appear that punters sought out other markets and when sports reopened betting volumes increased against a pent up demand.

Earnings before interest, tax and write offs grew 75 per cent to £597 million from £342 million. Assuming no further interruptions to sports, Flutter expects earnings for the full year to be between £1.27 billion and £1.37 billion. The company said that "The second half of the year has started well and we look forward to making further progress in the coming months," he added.

Gold

Gold has had a volatile few days as markets try and assess the impact of latest jobs data in US which if too strong could precipitate a slowing of the supports to markets by the Fed and signal an early increase in interest rates. As gold doesn't pay an interest rate any increase in longterm US rates could have negative consequences for Gold. However an increase in interest rates would also put a bid into the dollar which might be supportive for Gold. At one stage Gold, having touched \$1,900 in Q1, was down to \$1,700 in recent days but it staged a small rally overnight. It is currently sitting at \$1,734

Irish Rent Levels

In its latest quarterly report on the Irish rental sector, Daft.ie, has reported that rent prices nationally rose at an annual rate of 5.6 % in the second quarter, the strongest year-on-year increase since mid-2019.

The increase reflects an "unprecedented scarcity" of available properties, it said, noting there were just 2,455 homes available to rent on its website on August 1st last, the lowest number since its quarterly series began in 2006. Outside Dublin, there were just 789 homes available to rent, by far the lowest on record. Prior to 2020, the lowest level had been about 1,500. On average over the past 15 years, there have been nearly 9,400 homes available to rent at any one time, Daft said, while the 2015 to 2019 average was almost 3,900. According to the report, the average monthly asking price for rent stood at €1,477 in the second quarter of 2021, up almost 99 per cent from a low of €742 per month seen in late 2011, while the average in Dublin was €2,035. In many cases rent levels are now almost double what a mortgage for the same property would cost and with all time low long term fixed rates in the Irish market a mortgage maybe the better way forward.